Retirement and Employee Benefits

Topics

- Retirement Eligibility
- Retirement SCD
- Annuity computation
- Survivor benefits
- Death benefits
- Health Insurance
- Life Insurance
- Deposits
- Re-deposits
- Post-1956 military service
- Thrift Savings Plan
- Other benefits

CSRS Retirement Eligibility

- Immediate 62/5 60/20 55/30
- Early 50/20 any age/25
- Deferred 62/5
- Disability any age/5

FERS Retirement Eligibility

- Immediate 62/5 60/20 MRA + 30

  MRA + 10 (age reduction)

- Early 50/20 any age/25

- Deferred 62/5 MRA + 10

- Disability any age/18 months

MRA
(Minimum Retirement Age)

Year of birth	***Minimum age***
Before 1948	55
1948	55 & 2 months
1949	55 & 4 months
1950	55 & 6 months
1951	55 & 8 months
1952	55 & 10 months
1953-1964	56
1965	56 & 2 months
1966	56 & 4 months
1967	56 & 6 months
1968	56 & 8 months
1969	56 & 10 months
1970 & after	57

Retirement SCD (Service Computation Date)

- Your retirement SCD makes up your length of service
- And includes :
  - Creditable civilian service
  - Creditable military service

Issues that impact your SCD

- Temporary service
- Refunded service
- Active duty/reserve/national guard military service
- Military retirements
- Post 1956 military deposits

Annuity Computation Primary Basis

Length of service	**High-3 average salary**
Civilian	Highest rate of basic pay in effect over any three consecutive years of service
Military	
Sick leave (CSRS and FERS with CSRS component)	

CSRS/CSRS OFFSET
(Civil Service Retirement System)

<u>Three step formula</u>

1.5% x high-3 first 5 yrs of service
+
1.75% x high-3 next 5 yrs of service
+
2% x high-3 x all service (yrs & months)
Over ten including credit for
Sick leave
=
Annual annuity (divide by 12 for monthly)

FERS
(Federal Employee's Retirement System)

Two formulas

1% x high-3 x years and months of service

(If under age 62 check for annuity supplement eligibility)

1.1% x high-3 x years & months of service

(At least age 62 with 20 years of service or more)

FERS
Annuity Supplement

- Purpose
  - To substitute for the social security tier until age 62
- Basis
  - An estimate of the social security earned during the FERS civilian service

FERS
Annuity Supplement

- Eligibility
  - Must have at least one calendar year of FERS service, AND
  - Retire with entitlement to an immediate annuity:
    - MRA and 30 years of service; Or
    - Age 60 with 20 years of service; Or
    - MRA under VERA or discontinued service

Cola's
(Cost of Living Allowance)

CSRS

- Effective date
  - December 1 and payable in January
- First COLA
  - Prorated based on number of months on annuity rolls prior to the COLA

FERS

- Paid at age 62 or older
- Effective date
  - December 1 and payable in January

Survivor Benefits

- Current spouse
- Former spouse
- Combination current/former spouse
- Insurable interest

CSRS
Current Spouse Survivor Annuity Election

- Two options:
  - Full annuity – 55% of retiree's basic annuity
  - Less than full annuity = 55% of a designated amount

- Formula for cost:
  - 2 ½% of base up to $3600
  - +10% of the base over $3600
  - =Premium

FERS
Current Spouse Survivor Annuity Election

Full

(50% of retiree's annuity)

Formula for cost/premium

10% of retirees base annuity

Less than full

(25% of retiree's annuity)

Formula for cost/premium

5% of retirees base annuity

Death Benefits

- May include:
  - Survivor annuity benefit
  - Child annuity benefit
  - Health insurance coverage
  - Life insurance benefit
  - Retirement contribution refund
  - Thrift savings plan benefit
  - Unpaid compensation

FEHB (Federal Employees Health Benefits)

Voluntary retirement

Eligibility requirements

- Must be enrolled 5 immediate years prior to retirement; Or
- Enrolled at your 1st opportunity to enroll; And
- Retire on an immediate annuity
- TRICARE can help to meet 5 year requirement

Benefits

- Same annual premiums as employees
- Annual open season

VERA / VSIP

Eligibility requirements

- If enrolled continuously in FEHB since 11/24/2003, eligible to waive 5 year requirement

Benefits

- Same

FEGLI (Federal Employees Group Life Insurance)

Eligibility requirements

Basic life insurance

- Enrolled 5 continuous years prior to retirement
- Retire on an immediate annuity
- Do not convert to an individual policy

Optional life insurance

- Must be eligible to continue basic life insurance
- Meet the 5 year requirement for each option

Deposit Service

- A period of service not covered by CSRS or FERS retirement deductions
  - Temporary appointments
  - Indefinite appointments
- Deposit is amount equal to what you would have contributed to retirement system plus interest

CSRS

For any Deposit Service which was Performed	Choices	Effect on Annuity
Before 10-01-1982	Not paying the deposit	The deposit service will be used in a computation of annuity; however, the annual annuity will be reduced by 10% of the deposit owed for that service at the time of retirement.
	Paying the Deposit	The annual annuity will not be reduced as described above.
On or after 10-01-1982	Not paying the deposit	The deposit service will be used in determining the retirement eligibility, but cannot be used in determining the length of service for annuity computation.
	Paying the Deposit	Annuity will be computed using all creditable civilian service

FERS

For any deposit service which was performed	Choices	Effect on Annuity
Before 01-01-1989	Not paying the deposit	The deposit service cannot be used to determine eligibility for retirement nor can it be used in determining the length of service for annuity service for annuity purposes
	Paying the Deposit	Annuity will be computed using all creditable civilian service.
On or after 01-01-1989	None	The deposit service cannot be used to determine eligibility for retirement nor can it be used in determining the length of service for annuity for

Redeposit Service (Applies Only to CSRS)

- A period of service that was covered by CSRS retirement deductions and later refunded after separation from federal service.
- Redeposit is an amount equal to the refund plus interest.

CSRS

Choices Concerning Redeposit Service

For refunds covering service that ended	Choices	Effect on Annuity
Before 10-01-1990	**Not paying the redeposit**	**Refunded service will be used for retirement eligibility and annuity computation purposes. The annuity; however, will be actuarially reduced.**
	Paying the redeposit	**The annuity will be computed using all creditable civilian service**
On or after 10-01-1990	**Not paying the redeposit**	**Refunded service will be used to determine retirement eligibility; however, it will not be used for annuity computation services.**
	Paying the redeposit	**Annuity will be computed using all creditable civilian service.**

Post-1956 Military Service

- To receive credit a deposit may be required.
- Choices vary for CSRS and FERS.
- Deposit for CSRS employees is 7% of military base pay earned during service plus interest.
- Deposit for FERS employees is 3% of military base pay earned during service plus interest.
- If retired military, may have to waive military retired pay.

WHEN MILITARY RETIRED PAY NOT WAIVED

- TIME NOT INCLUDED IN THE COMPUTATION OF MILITARY RETIRED PAY.
- AWARDED ON ACCOUNT OF A SERVICE-CONNECTED DISABILITY INCURRED IN COMBAT WITH AN ENEMY OF THE UNITED STATES.
- ON ACCOUNT OF A SERVICE-CONNECTED DISABILITY CAUSED BY AN INSTRUMENTATLITY OF WAR AND INCURRED IN THE LINE OF DUTY DURING A PERIOD OF WAR.
- UNDER THE PROVISIONS OF 10 U.S.C. 12731-12739 WHICH GRANTS RETIRED PAY TO MEMBERS OF RESERVE COMPONENTS OF THE ARMED FORCES ON THE BASIS OF AGE AND SERVICE.

CSRS

(if first employed under CSRS before 10-01-1982)

Deposit for Post-1956 Military Service

If the Individual is	Choices	Effect on Annuity
Eligible for Social Security benefits at retirement	Not paying the deposit before retiring	**All military service will be used in determining eligibility to retire; however, only pre-1957 military service will be used in the computation of the annuity.**
	Paying the deposit before retiring	**All military service will be used to determine eligibility to retire and annuity computation purposes.**
Ineligible for Social Security benefits at retirement but becomes eligible at 62.	Not paying the deposit before retiring	**All military service will be used in determining retirement eligibility and for annuity computation purposes when the annuity begins. At age 62 the annuity will be recomputed to eliminate credit for post 1956 military service.**
	Paying the deposit before retiring	**All military service will be used for determining retirement eligibility for annuity computation purposes when the annuity begins and later.**

CSRS

(if first employed under CSRS on or after 10-01-1982)

Deposit for Post-1956 Military Service

Choices	Effect on Annuity
Not paying the Post-1956 military deposit before retiring	Pre-1957 military service is creditable for determining retirement eligibility and for annuity computation purposes. Post-1956 military service is not creditable for any retirement purpose regardless of Social Security eligibility
Paying the Post-1956 military deposit before retiring	All military service is creditable for determining retirement eligibility and for annuity computation purposes, regardless of Social Security eligibility.

FERS

Deposit for Post-1956 Military Service

Choices	Effect on Annuity
Not paying the Post-1956 military deposit before retiring	Pre-1957 military service is creditable for determining retirement eligibility and for annuity computation purposes. Post-1956 military service is not creditable for any retirement purpose.
Paying the Post-1956 military deposit before retiring	All military service is creditable for determining retirement eligibility and for annuity computation purposes, regardless of Social Security eligibility.

TSP
(THRIFT SAVINGS PLAN)

CSRS	FERS
▪ Currently – 9%	▪ Currently – 14%
▪ Dec 2004 – 10%	▪ Dec 2004 – 15%
▪ Dec 2005 – Any	▪ Dec 2005 - Any

Elect, change amount or terminate contributions during an Open Season:

- 15 April – 30 June (Effective June or later)
- 15 October – 31 December (Effective December or later)

TSP CATCH UP
(THRIFT SAVINGS PLAN)

Requirements:

- Federal employee
- Will be age 50 or older by 12-31
- Contributing the maximum amount of TSP regular contributions
- Contribute anytime
- Effective beginning of pay period after receipt

Maximum Contributions

- 2004 - $3,000
- 2005 - $4,000
- 2006 - $5,000

Other Benefits

- Flexible spending accounts
  - Health Care
  - Dependent Care
    - Same Open Season as FEHB
    - 2004 CY Maximum - $4,000

1-877-FSAFEDS or www.FSAFEDS.com

- Long term care insurance
  - No future Open Seasons scheduled

1-800-LTC-FEDS